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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**UNAUDITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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**Directors**

PJ Bradford  
MO Kirk  
AJ Moody  
DC Phillips  
JN Wilson

**Registered number**

08413599

**Registered office**

Glebe Farm  
Down Street  
Dummer  
Hampshire  
RG25 2AD

**Accountants**

Grant Thornton UK LLP  
Chartered Accountants  
5 Benham Road  
Southampton Science Park  
Chilworth  
Southampton  
SO16 7QJ

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Introduction**

The Directors present their Strategic Report for the year ended 31 March 2020.

**Business review**

The Company acts as the main direct investment holding company for the group. During the year the group undertook a refinancing exercise to obtain access to greater facilities to pursue its acquisition strategy. As part of this exercise the Company became the main holder of external debt for the group.

**Principal risks and uncertainties**

The key risk to which the company is exposed is interest rate risk on its external financing. The interest rates are linked to the monthly LIBOR rate. The Group has in place an interest cap of 1.5% on LIBOR at the year end. This cap lasts until November 2020 and covers 75% of the Group's facilities. When this cap ends the Directors will review the Group's exposure and consider the need for further hedge instruments.

**Financial key performance indicators**

Financial key performance indicators are not monitored by the board at the entity level.

**Other key performance indicators**

Other key performance measures are monitored at group level.

This report was approved by the board and signed on its behalf.

*J N Wilson*

**JN Wilson**  
Director

Date: 28/1/2021

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

**Results and dividends**

The loss for the year, after taxation, amounted to £12,326,339 (2019 - loss £6,205,628).

**Directors**

The directors who served during the year were:

PJ Bradford  
MO Kirk  
AJ Moody  
DC Phillips  
JN Wilson

**Future developments**

The company will continue to be alert for potential acquisition targets.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf.

*J N Wilson*

**JN Wilson**  
Director

Date: 28/1/2021

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Report to the directors on the preparation of the unaudited statutory financial statements of Southern Communications Holdings Limited for the year ended 31 March 2020**

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We have compiled the accompanying financial statements of Southern Communications Holdings Limited (the 'company') based on the information you have provided. These financial statements comprise the Balance Sheet of Southern Communications Holdings Limited as at 31 March 2020, and the Profit and Loss Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [www.icaew.com](http://www.icaew.com)

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter dated 29 May 2020. a work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the Company's directors, as a body, in this report in accordance with our engagement letter dated 29 May 2020. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

Chartered Accountants

Southampton

Date: 28/1/2021

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Note	2020 £	2019 £
Administrative expenses		(698,904)	(520,689)
<b>Operating loss</b>		<b>(698,904)</b>	<b>(520,689)</b>
Interest receivable and similar income	6	135	17
Interest payable and expenses	7	(11,627,570)	(5,684,956)
<b>Loss before tax</b>		<b>(12,326,339)</b>	<b>(6,205,628)</b>
<b>Loss after tax</b>		<b>(12,326,339)</b>	<b>(6,205,628)</b>
Retained earnings at the beginning of the year		(5,776,584)	429,044
Loss for the year		(12,326,339)	(6,205,628)
<b>Retained earnings at the end of the year</b>		<b>(18,102,923)</b>	<b>(5,776,584)</b>

The notes on pages 7 to 20 form part of these financial statements.



**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 08413599**

**BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	9	127,735,594	122,766,386
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	38,435,804	43,633,989
Cash at bank and in hand		2,014,283	1,309,612
		<u>40,450,087</u>	<u>44,943,601</u>
Creditors: amounts falling due within one year	11	(35,068,899)	(52,386,135)
<b>Net current assets/(liabilities)</b>		<u>5,381,188</u>	<u>(7,442,534)</u>
<b>Total assets less current liabilities</b>		<u>133,116,782</u>	<u>115,323,852</u>
Creditors: amounts falling due after more than one year	12	147,279,705)	117,160,436)
<b>Net liabilities</b>		<u>(14,162,923)</u>	<u>(1,836,584)</u>
<b>Capital and reserves</b>			
Called up share capital	14	40,000	40,000
Share premium account	15	3,900,000	3,900,000
Profit and loss account	15	(18,102,923)	(5,776,584)
		<u>(14,162,923)</u>	<u>(1,836,584)</u>

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**JN Wilson**  
 Director

Date: 28/1/2021

The notes on pages 7 to 20 form part of these financial statements.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office and principal place of business is:

Glebe Farm  
Down Street  
Dummer  
Basingstoke  
RG25 2AD

**2. Accounting policies**

**2.1 Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**2.2 Statement of compliance**

The financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and FRC Abstracts.

**2.3 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling and rounded to the nearest pound. Sterling is the Groups functional and presentational currency.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.4 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Southern Communications Group Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

**2.5 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)****2.6 Going concern**

Southern Communications Holdings Limited is a subsidiary of Southern Communications Group Limited, which has prepared forecasts, projections and expected cashflows to March 2022.

In drawing a conclusion on the Group's ability to continue as a going concern, the Directors have assessed the financial risks to the organisation. The principle risk to going concern has been identified as COVID-19 and its impact on the wider economic environment and the Group. Management has undertaken detailed financial forecasting to assess the effect of the Government imposed restrictions, considering both the Group, its customers, suppliers and staff. Forecasts have been stress tested to ensure robust assumptions are being made in the operational and financial management of the business.

In developing forecasts key assumptions include; where the Group is eligible for government support schemes (including CJRS and VAT Deferral) these have been applied for, recurring revenue decreases, one off income is substantially impacted reducing gross profit by c8% and corresponding reductions in operating costs of c10% leading to an EBITDA reduction of 7% against the original budget. This is in line with the actual trading performance for the first four months of the 2021 financial year.

Post year end recurring revenues have continued at similar levels prior to COVID-19, with the exception of fixed line and mobile call traffic, though this is returning towards Pre-COVID levels. On non-recurring streams there was a 3 month drop off but the Directors do not believe this will continue in the long term due to the easing of restrictions, resulting in the ability to once again perform site visits and installations. This has been supported by the sales in the quarter to September 2020.

Financial covenants set by lenders continue to be met and are anticipated to be met for the foreseeable future. With the agreement of our lender, the quarterly interest payment due for June 2020 was deferred and has been paid in September 2020 along with the normal quarterly payment. The Group overall is able to support the individual entities within it, should a need arise, but this is not envisaged given the Group forecasts, projections and expected cashflows.

In a constantly changing environment an agile approach has been taken, to facilitate our response to changes to organisational risk in a timely and robust manner. This includes both regular and event prompted review of risks, regular cash review and management, and staff working in a flexible manner to support the ongoing success of the Group.

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)****2.9 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.10 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)****2.14 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.15 Related parties**

The Company discloses transactions and balances with related parties which are not wholly owned within the same group.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Classification of debt instruments**

The loans have been classified as simple financial instruments and are being held at amortised cost including £5,466,657 of transaction costs. In management's judgement there are no terms or conditions within the loan agreement that would make them complex financial instruments.

**Impairment**

Management have concluded that there are no indicators of impairment existing at the year end and therefore no adjustment is required to investment carrying values.

**4. Employees**

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Directors	<b>5</b>	<i>5</i>

**5. Directors' remuneration**

The Directors were remunerated by the parent company, Southern Communications Group Limited and details of their remuneration can be seen in the Group consolidated financial statements.

**6. Interest receivable**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
Other interest receivable	<b>135</b>	<i>17</i>

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**7. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	£	£
Other loan interest payable	<b>11,627,570</b>	4,531,310
Loans from group undertakings	-	1,153,646
	<u><b>11,627,570</b></u>	<u>5,684,956</u>

**8. Taxation**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Taxation on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - *the same as*) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	<b>2020</b>	<b>2019</b>
	£	£
Loss on ordinary activities before tax	<u><b>(12,326,339)</b></u>	<u>(6,205,628)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	-	(1,179,069)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	740,571
Group relief	-	438,498
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The rate of corporation tax will reduce to 17% by April 2020.



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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**9. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 April 2019	<b>122,766,386</b>
Additions	<b>4,969,208</b>
At 31 March 2020	<b><u>127,735,594</u></b>

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**


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**9. Fixed asset investments (continued)**
**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Southern Business Technologies Limited	England and Wales	Ordinary	100%
Southern Communications Networks Limited	England and Wales	Ordinary	100%
Southern Communications Limited*	England and Wales	Ordinary	100%
Alliance Communications Solutions Limited*	England and Wales	Ordinary	100%
Southern Data Limited*	England and Wales	Ordinary	100%
Efar Limited	England and Wales	Ordinary	100%
Ascent Global Services Limited	England and Wales	Ordinary	100%
Hullabaloo Communications Limited	England and Wales	Ordinary	100%
Atech Network Services Limited	England and Wales	Ordinary	100%
Southern Communications Corporate Solutions Limited	England and Wales	Ordinary	100%
Switch IP Limited	England and Wales	Ordinary	100%
Converse Telecom Limited	England and Wales	Ordinary	100%
Integrated Business Systems Limited	England and Wales	Ordinary	100%
Southern Communications Data Services Limited (formerly Link Connect Services Limited)	England and Wales	Ordinary	100%
DCS Voice and Vision Limited	England and Wales	Ordinary	100%
Verranti Limited	England and Wales	Ordinary	100%
Pinnacle Managed Services Limited	England and Wales	Ordinary	100%
Extrasource Limited*	England and Wales	Ordinary	100%
Pinnacle Telecom (Wales) Limited*	England and Wales	Ordinary	100%
3 Circles Communications Limited	England and Wales	Ordinary	100%
2 Circles Communications Limited*	England and Wales	Ordinary	100%
Et AI Innovations Limited	England and Wales	Ordinary	100%
Dataphone Communications Limited	England and Wales	Ordinary	100%
Dataphone Services Limited	England and Wales	Ordinary	100%
DCS Voice & Vision Limited	England and Wales	Ordinary	100%
New Star Networks Ltd	England and Wales	Ordinary	100%
DataKom Limited	England and Wales	Ordinary	100%
Commsplus Limited	England and Wales	Ordinary	100%

Subsidiaries where the principal place of business differs from their registered office are noted below:

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**10. Debtors**

	<b>2020</b>	2019
	£	£
Amounts owed by group undertakings	<b>37,878,933</b>	43,608,087
Other debtors	<b>25,902</b>	25,902
Prepayments and accrued income	<b>530,969</b>	-
	<u><b>38,435,804</b></u>	<u>43,633,989</u>

Amounts owed by group undertakings are interest free and repayable on demand.

**11. Creditors: amounts falling due within one year**

	<b>2020</b>	2019
	£	£
Amounts owed to group undertakings	<b>26,918,863</b>	17,548,289
Other creditors	<b>6,474,637</b>	30,735,398
Accruals and deferred income	<b>1,675,399</b>	4,102,448
	<u><b>35,068,899</b></u>	<u>52,386,135</u>

Interest was charge on inter-group creditors until August 2018 when the Group undertook a refinancing exercise. Balances are now interest free and repayable on demand.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**12. Creditors: amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other loans	<b>147,279,705</b>	<b>117,160,436</b>
	<u><b>147,279,705</b></u>	<u><b>117,160,436</b></u>

The following liabilities were secured:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other Loans	<b>147,279,705</b>	<b>117,160,436</b>
	<u><b>147,279,705</b></u>	<u><b>117,160,436</b></u>

Details of security provided:

The loans are secured by a debenture and cross guarantee from group companies.

There are three loans in existence at the year end with the following terms;

Loan 1 £24,100,000: Interest at 2.75% plus LIBOR, payable quarterly. Repayable by balloon payment on 22 February 2024..

Loan 2 £67,400,000: Cumulative interest at 7% plus LIBOR, payable quarterly and the balance accrued. Repayable 22/08/2025.

Loan 3 £28,425,000: Cumulative interest at 7% plus LIBOR, 5% plus LIBOR payable quarterly and the balance accrued quarterly.

Loan 3 is an acquisition facility and each tranche is repayable 84 months after initial drawdown as follows;

£3,675,000 repayable 04/10/2025  
£5,500,000 repayable 31/12/2025  
£5,500,000 repayable 22/02/2026  
£7,500,000 repayable 01/03/2026  
£6,250,000 repayable 08/03/2026

Loan 3 £28,662,500, an additional acquisition facility: each tranche bears interest of 7% plus LIBOR.

Transaction costs of £5,480,642 have been capitalised within the loans which are being spread over the loan term using amortised cost and the effective interest method.

The Company has a LIBOR cap at 1.5% on £68,625,000. The premium and fair value of this derivative financial instrument are not material for further disclosure.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**13. Loans**

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due 2-5 years</b>		
Other loans	23,402,692	23,185,588
<b>Amounts falling due after more than 5 years</b>		
Other loans	123,877,013	93,974,848
	147,279,705	117,160,436

**14. Called up share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
4,000,000 (2019 - 4,000,000) Ordinary shares of £0.01 each	40,000	40,000
	40,000	40,000

**15. Capital and reserves****Called up share capital**

Called up share capital represents the nominal value of shares issued.

**Share premium account**

Share premium represents the excess paid over the nominal value of shares. This reserve is not distributable.

**Profit and loss account**

The profit and loss account represents cumulative profits, losses and total other comprehensive income, including distributions to, and contributions from, the parent company.

**16. Contingent liabilities**

The Company has entered into a cross party guarantee arrangement to secure the bank loans of the Southern Communications Group Limited and its subsidiaries. At the year end, the total outstanding facilities were £175,659,747 (2019: £142,033,627).

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**17. Capital commitments**

The Company had no capital or other commitments at 31 March 2020 (2019: £Nil).

**18. Related party transactions**

There were no related party transactions other than with wholly owned entities within the Group.

**19. Controlling party**

The Company's immediate parent is Southern Communications Investments Limited, incorporated in England and Wales.

The parent of the smallest and largest group for which consolidated accounts are prepared is Southern Communications Group Limited, the Company's ultimate parent. These financial statements are available upon request from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider there to be no ultimate controlling party.

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Subsidiary undertakings (continued)**

	Principal place of business
Elar Limited	Yeo bank business park, Clevedon
Ascent Global Services Limited	12-16 Addiscome Road, Croydon
Atech Network Services Limited	12-16 Addiscome Road, Croydon
Southern Communications Corporate Solutions Limited	12-16 Addiscome Road, Croydon
Converse Telecom Limited	Navson House, Egham
Integrated Business Systems Limited	Heartlands Business Park, Daventry
Southern Communications Data Services Limited (formerly Link Connect Services Limited)	Tilford House, Farnham
DCS Voice & Vision Limited	7 Titan Court, Luton
Verranti Limited	Navson House, Egham
Switch IP Limited	12-16 Addiscome Road, Croydon
Southern Data Limited	Glebe Farm, Dummer
Pinnacle Managed Services Limited	Links Business Park, Cardiff
Extrasource Limited	Glebe Farm, Dummer
Pinnacle Telecom (Wales) Limited	Links Business Park, Cardiff
3 Circles Communications Limited	Ver House, 22-25 High Street, St Albans
Dataphone Communications Limited	Solutions House, Ilford
Dataphone Services Limited	Solutions House, Ilford
New Star Networks Ltd	8 Lincolns Inn Fields, London
DataKom Limited	4 Old Field Road, Bridgend
Commsplus Limited	Glebe Farm, Dummer

The registered office for 3 Circles Communications Limited and for 2 Circles Communications Limited is Ver House, 23-25 High Street, St Albans. For all other subsidiaries the registered office is:

Glebe Farm  
Down Street  
Dummer  
Basingstoke  
RG25 2AD

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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2020**

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	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>-</b>	<b>-</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Gross profit %</b>		<b>0.0 %</b>	<b>0.0 %</b>
<b>Less: overheads</b>			
Administration expenses		<b>(698,904)</b>	<b>(520,689)</b>
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(698,904)</b>	<b>(520,689)</b>
Interest receivable		<b>135</b>	<b>17</b>
Interest payable		<b>(11,627,570)</b>	<b>(5,684,956)</b>
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(12,326,339)</b>	<b>(6,205,628)</b>
		<hr/> <hr/>	<hr/> <hr/>



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**SOUTHERN COMMUNICATIONS HOLDINGS LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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	2020 £	2019 £
<b>Administration expenses</b>		
Legal and professional	4,634	635
Accountancy fees	-	1,200
Bank charges	20,655	91,303
Sundry expenses	673,615	427,551
	<b>698,904</b>	<b>520,689</b>
	<b>698,904</b>	<b>520,689</b>
	2020 £	2019 £
<b>Interest receivable</b>		
Bank interest receivable	135	17
	<b>135</b>	<b>17</b>
	<b>135</b>	<b>17</b>
	2020 £	2019 £
<b>Interest payable</b>		
Group interest payable	-	1,153,646
Other loan interest payable	11,627,570	4,531,310
	<b>11,627,570</b>	<b>5,684,956</b>
	<b>11,627,570</b>	<b>5,684,956</b>